

HAMILTON AUTOMOBILE CLUB — 393 Main Street East, Hamilton, Canada Hamilton Ja 8-7595
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COPY

January 30, 1964.

Hon. Mr. J. N. Allan,
Provincial Treasurer,
Parliament Buildings,
TORONTO, Ontario.

Dear Sir:

The Board of Directors of the Hamilton Automobile Club have been most concerned and disturbed about the press reports to the effect that the Provincial Government may be considering increasing the gasoline tax rate as a means of increasing general revenues.

This concern is further supported by expressions from members who have asked the Club to protest any further increases in taxes levied against the motorist. The recent change in the motor vehicle registration fees, although designed for purpose of consolidation and simplification of the motor vehicle fee structure, has in effect resulted in a substantial increase in total adding to the rapid increases in motor vehicle fees that have occurred since 1956. For example, 4 cylinder cars manufactured after 1933 were rated at \$5.00 in 1955 and after a series of adjustments became \$15.00 in 1964. 6 cylinder cars up to and including 24 horsepower were rated at \$7.00 in 1955 and \$20.00 in 1964. 6 cylinders over 28 horsepower cost \$10.00 in 1955 and \$20.00 in 1964. 8 cylinders up to and including 35 horsepower cost \$10.00 in 1955 and \$25.00 in 1964. Station Wagons of not more than 2½ ton gross cost \$12.50 in 1955 and \$25.00 in 1964. There were modest reductions in 1964 for limited-use vehicles. All in all, motor vehicle fees have been increased as much as threefold since 1955.

Gasoline taxes continue to be major revenue producers for Provincial general funds. The 11¢ per gallon tax increased to 13¢ in 1957 combined with the tremendously increased usage of gasoline constitutes a major operating cost for the motorist. In effect the Ontario Government is collecting 32.6% of every gasoline dollar paid by the motorist with the Federal Government collecting an additional 4% making a total of 36.6% of the gasoline dollars being paid in direct gasoline taxes.

The 3% Provincial Sales Tax adopted by the Provincial Government in 1962 has added further burden to the private motorist, compounding the Federal Sales Tax applied on motor vehicle sales. This seems to be an unfortunate application of the Sales Tax because probably no other consumer item has the turn-over sales value of the motor vehicle. Each time the motor vehicle is sold, the 3% tax applies, to the point that it constitutes a compound tax of major significance. It is our firm conviction that motor vehicles should be exempt from the Provincial Sales Tax or at least applied only on the first transaction and not on subsequent transactions of resale.

We believe it is extremely important to stress the position of the private motorist. The motorist is becoming resentful that there seems to be a continuing effort to classify him as a dual taxpayer — on the one hand as a motorist and on the other hand as a general taxpayer. Although this may have been a valid impression at one time when the motor vehicle was considered a luxury, the importance of the motor vehicle would not contradict this philosophy. This was recognized by the Federal Government, following submissions and examination of car ownership and usage, when it removed excise taxes on motor vehicles. The excise tax removal was clearly predicated on the fact that the motor car is not a luxury but rather a necessity of our modern society. High ownership per household and the increase of the two and three car family underline the importance of the motor vehicle in our modern society. It is also suggested that we cannot overlook the importance that the motor vehicle plays in our modern economy. It is making a very real and important contribution to our standard of living and our economic well being, with an important section of our wage-earners owing their livelihood on a direct and indirect basis to the motor car industry.

We do feel that there should be a reconciliation of the taxes paid by the private motorist to his proper share of the cost of roads and highways. Any index

of road user-tax apportionment would clearly emphasize that the private motorist of Ontario is being taxed far beyond reasonable limits. Even if the present tax structure were to be continued it seems highly likely that the Provincial Government will be collecting a substantial surplus of funds from the motorist in comparison to the cost of road building and highway construction. It is our urgent request, on behalf of our thirty-eight thousand member motorists, that the Ontario motorist be given relief from his heavy burden of motor vehicle taxation, so that he could more reasonably meet the increased taxation facing him as a general taxpayer and property owner.

In conclusion, may we strongly recommend that there be no action taken to increase Ontario gasoline tax and may we also ask for a review of the 3% Provincial Sales Tax applying on the purchase of passenger motor vehicles so as to make the tax applicable only on the first new car sales transaction and thus eliminating the tax-on-tax feature now applying on each resale.

Respectfully submitted,

HAMILTON AUTOMOBILE CLUB

T. M. Mayberry,
President.

